

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

POWER INTEGRATIONS, INC., a Delaware
corporation,

Plaintiff,

v.

FAIRCHILD SEMICONDUCTOR
INTERNATIONAL, INC., a Delaware
corporation, and FAIRCHILD
SEMICONDUCTOR CORPORATION,
a Delaware corporation,

Defendants.

C.A. No. 04-1371

**DECLARATION OF MICHAEL KEELEY IN SUPPORT OF
DEFENDANTS' MOTION FOR PROTECTIVE ORDER RE DEPOSITION
OF MICHAEL C. KEELEY, REBUTTAL EXPERT REPORT ON
DAMAGES, AND CONTINUATION OF DAMAGES TRIAL**

I, Michael Keeley, the undersigned, declare as follows:

1) I am a Senior Vice President of Cornerstone Research, an economic and financial consulting firm with offices in Menlo Park, San Francisco, and Los Angeles, California; Boston, Massachusetts; New York, New York; and Washington, D.C. I specialize in economic, financial, and statistical analysis. I have been asked by counsel representing Fairchild Semiconductor International, Inc. and Fairchild Semiconductor Corporation (hereafter "Fairchild" without distinction unless noted), to analyze the economic issues in this dispute and to assess the validity of damage claims by Power Integrations, Inc. ("Power Integrations") from the alleged infringement of the patents-in-suit. In particular, I have been asked to assess the validity of Mr. Troxel's damage report.

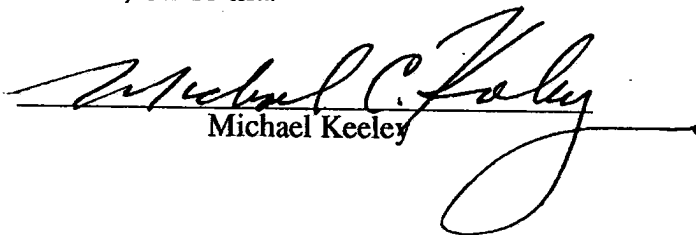
2) I have received a copy of a "Summary Report on Damages" by Richard B. Troxel, dated August 8, 2006. This report and the accompanying exhibits total 93 pages. I do not

believe I will be able to analyze Mr. Troxel's new report, review the underlying data upon which Mr. Troxel relies, and prepare a rebuttal report by August 25, 2006.

3) In our initial reports, both Mr. Troxel and I relied, in part, on information contained in Power Integrations' publicly available financial statements, including its annual reports. I understand that on May 9, 2006 Power Integrations filed a 8-K statement with the Securities and Exchange Commission in which Power Integrations stated that "the Company expects to record additional non-cash charges for stock-based compensation expenses in prior periods. Based on the Special Committee's preliminary conclusion, the Company expects that such non-cash charges will be material and that the Company may need to restate its historical financial statements for each of the fiscal years 1999 through 2004, and for the first three quarters of the fiscal year ended December 31, 2005. Such charges may also affect future periods. On May 4, 2006, the Audit Committee of the Company's Board concluded that such financial statements and any related reports of its independent registered public accounting firm should no longer be relied upon." I have yet to receive Power Integrations' restated financial statements. Until I receive them, I cannot determine whether this restatement will impact my damages calculations.

I declare the foregoing is true and correct under penalty of perjury under the laws of the United States of America.

Executed on August 9, 2006 in Menlo Park, California.


Michael Keeley

CERTIFICATE OF SERVICE

I hereby certify that on the 11th day of August, 2006, the attached **DECLARATION OF MICHAEL KEELEY IN SUPPORT OF DEFENDANTS' MOTION FOR PROTECTIVE ORDER REGARDING DEPOSITION OF MICHAEL C. KEELEY, REBUTTAL EXPERT REPORT ON DAMAGES, AND CONTINUATION OF DAMAGES TRIAL** was served upon the below-named counsel of record at the address and in the manner indicated:

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/s/ Tiffany Geyer Lydon

Tiffany Geyer Lydon